

Information/Action Item

California Postsecondary Education Commission

State Licensure versus Accreditation of Proprietary Schools and Colleges – A Review and Comparison of Roles and Functions

This report responds to the need to ensure high quality private postsecondary education opportunities for California residents. It discusses the issues around accreditation and State licensure and recommendations for streamlining and enhancing the effectiveness of the state licensing process for non-public schools and colleges.

Recommended Action: Commission adoption of the report for appropriate action.

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State Licensure versus Accreditation of Proprietary Schools and Colleges – A Review and Comparison of Roles and Functions

Beginning with the California Postsecondary Education Commission's first report on private postsecondary education in 1976 and continuing up to this review, the Commission has been actively involved in both creating and maintaining a strong and healthy private postsecondary educational environment. The primary purpose of this report is to determine how best to ensure that California citizens will have high quality private postsecondary education opportunities and further, to assess the appropriate role for the State to play.

It has been 13 years since the Private Postsecondary and Vocational Education Reform Act was passed, and a number of exemptions have been enacted or are being proposed that would alter the State's oversight responsibilities for specific groups of accredited schools. For this reason, CPEC believes that the time is right to review and compare the structure and functions of both the state agency responsible for oversight of private institutions and the non-governmental accrediting agencies that accredit many of these schools. Secondly, the state legislature is currently conducting a "sunset review" of the Reform Act for the purpose of determining whether or not the law should be continued. And finally, Congress is discussing the issues of self-regulation and accreditation of colleges and universities in connection with the reauthorization of the federal Higher Education Act.

For all of these reasons, CPEC believes that it is an opportune time for the State to address and evaluate the issues around accreditation and licensure of private educational institutions.

Background

The United States has no centralized governmental authority exercising national control over postsecondary educational institutions. The practice of accreditation arose as a means of conducting non-governmental, peer evaluation of educational institutions and programs. The accreditation process is voluntary and institutions and programs are permitted to operate with considerable independence and autonomy. Accrediting agencies assume that the State of California has undertaken, as have most other states, the responsibility for licensing the institutions.

The Private Postsecondary and Vocational Education Reform Act is California's major statute for regulating and strengthening its privately operated postsecondary education institutions. As opposed to accreditation, the licensure process is not voluntary; the Bureau for Private Postsecondary and Vocational Education (BPPVE) carries out the State's regulatory and disciplinary functions in this area. (The oversight functions were housed in the State Department of Education prior to 1991. That year, pursuant to passage of the Private Postsecondary and Vocational Education Reform Act, the responsibilities were transferred to an independent entity, the Council on Private Postsecondary and Vocational Education. In 1998, the oversight responsibilities were once again transferred, this time to the Department of Consumer Affairs.)

With the exception of some exempt categories, all private institutions and programs, whether or not they are accredited, must be licensed to operate in California by the BPPVE.

State Licensing

The State of California provides oversight of private colleges and universities through the Private Postsecondary and Vocational Education Reform Act, administered by the Bureau of Private Postsecondary and Vocational Education (BPPVE). The law is designed to ensure minimum standards of instructional quality and institutional stability and contains general standards for degree and non-degree-granting institutions as well as detailed provisions regarding consumer protection. Consumer protection issues such as student rights, tuition refunds, and accurate disclosure requirements regarding completion and job placement rates are a major focus of the state licensure and oversight process.

The BPPVE regulates and licenses approximately 3,000 institutions, including 300 private postsecondary degree-granting institutions. Several categories of institutions are exempt, including: (1) institutions accredited by the Western Association of Schools and Colleges (WASC), (2) religious institutions whose degrees pertain to their religious beliefs, and (3) institutions that comply with very specific criteria and are approved by an accrediting agency recognized by the U.S Department of Education. Degree-granting institutions accredited by the five regional accrediting agencies other than WASC are exempt from programmatic and institutional review and approval but are subject to all other regulatory and oversight provisions of the Reform Act. A list of these regional accrediting agencies can be found in the Appendix.

The BPPVE administers a program called the Student Tuition Recovery Fund (STRF), a consumer protection provision that was created to relieve or mitigate enrollment fee losses suffered by students enrolled in private postsecondary institutions that close without prior notice. A student may be eligible for a refund from the STRF if a school closes prior to the student's completion of his or her education, a breach of the enrollment agreement occurs, a judgment is made against the school, or a student has been denied a refund.

Accreditation

This report addresses accreditation agencies that are “recognized” by the United States Secretary of Education only. A “recognized” accreditation agency is one that is recognized by the U.S. Secretary of Education as a reliable authority regarding the quality of education or training provided by the institutions of higher education and the higher education programs it accredits. Accreditation by a “recognized” accrediting agency allows the institutions or programs to establish eligibility to participate in the Federal student financial assistance programs administered by the U.S. Department of Education under Title IV of the Higher Education Act of 1965, as amended.

There are 35 “recognized” accrediting agencies, six of which are regional in nature (covering different regions of the United States,) and 29 of which are national in nature and accredit institutions nation wide. “Recognized” accrediting agencies require that the institutions that they accredit address quality in ten specific areas, but the agencies do not review or scrutinize every area in detail, nor are the institutions generally held to specific requirements. Further, accrediting agencies do not place emphasis on consumer protection issues, viewing them as the primary responsibility of the state.

There are two basic categories of “recognized” accreditation, one identified as “institutional” and one referred to as “specialized” or “programmatic”.

- **Institutional Accreditation** normally applies to an entire institution, indicating that each of an institution’s parts is contributing to the achievement of the institution’s objectives, although not necessarily all at the same level of quality. The various regional accrediting associations, for example, perform institutional accreditation. An example of a regional accrediting association is the Western Association of Schools and Colleges (WASC). Regional agencies operate in six different regions of the country. Examples of non-public institutions that are regionally accredited by WASC include Stanford University and National University. National accrediting agencies also perform institutional accreditation. An example of a national accrediting association is the Accrediting Council for Continuing Education and Training. Examples of institutions that are nationally accredited include Bryman College and Professional Golfers Career College.
- **Specialized or Programmatic Accreditation** normally applies to programs, departments, or schools that are part of an institution. The accredited unit may be as large as a college or school within a university or as small as a curriculum within a discipline. Most of the specialized or programmatic accrediting agencies review selected units within an institution of higher education that is accredited by one of the regional accrediting commissions. However, certain accrediting agencies also accredit professional

schools and other specialized or vocational institutions of postsecondary education that are freestanding in their operations. An example of a programmatic accrediting agency is the Commission on Massage Therapy Accreditation. Examples of programs that are programmatically accredited include the Mueller College of Holistic Massage Therapies.

Accreditation standards Every recognized accrediting agency is expected to demonstrate that it has standards for accreditation and pre-accreditation that are sufficiently rigorous to ensure that the agency is a reliable authority regarding evaluation of the quality of the education or training provided by the institutions or programs it accredits. The standards, set by the U.S. Secretary of Education, must effectively address the quality of the institution or program in ten areas.

There exists a great degree of latitude among the various accrediting agencies in interpreting the standards and their application. The accrediting agencies vary in specific requirements and the rigor of implementation and oversight so much that it is difficult to identify common characteristics that are not extremely general in nature.

The following chart sets forth the accrediting standards and a general description of how the state licensure process compares with the accreditation process for each standard. It should be noted that the accreditation process “addresses” various areas while the State licensure process “requires compliance” with specific criteria.

Standards	Accreditation	California State Licensure
1. Success with respect to student achievement in relation to the institution’s mission, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates.	<p>Quantitative outcomes via course completion, licensing examinations and placement rates <i>are addressed</i> in those schools offering vocational training (usually those accredited by specialization or program areas, or leading to licensure.)</p> <p>No degree-granting colleges and universities, (usually those which would be accredited by regional accreditors,) have requirements for course completion, licensure rates or job placement.</p> <p>In the past five years, the regional accrediting associations have been making substantial efforts to include assessment of student learning in their standards.</p>	<p><i>Requires</i> specific completion and job placement rates for schools that offer vocational or job training. No completion and job placement rate requirements for degree-granting colleges and universities.</p> <p>Disclosure requirements <i>require</i> a School Performance Fact Sheet that contains passage rates, employment rates, and starting salaries to be made available to prospective students.</p> <p><i>Requires</i> transferability of units in degree granting programs.</p> <p><i>Requires</i> an annual report on enrollment statistics by level, number of degrees and diplomas granted by level, program completion rates, tuitions schedule for each course or degree program offered.</p>

2. Curricula	Accredited institutions are directed to closely scrutinize academic issues such as curricula and faculty.	Both degree and non-degree programs are reviewed for quality of the curricula.
3. Faculty	Accredited institutions are <i>expected to</i> employ highly qualified faculty. Some institutions are required to have special education and experience, some require liaison with employers in the technical field.	Both degree and non-degree programs are <i>required to</i> have highly qualified faculty.
4. Facilities, Equipment and Supplies	Facilities <i>are expected to</i> be properly equipped. The educational environment should include appropriate supplies and equipment.	<i>Requires</i> adequate equipment and facilities to carry out the mission of the objectives of the program. Students must be supplied sufficient materials, including current publications and equipment, not later than the time the materials are appropriate for use in the course of instruction.
5. Fiscal and administrative capacity as appropriate to the specified scale of operations	<i>Requires</i> institutions to be financially capable of fulfilling the commitment made to students. Uses lower asset to liability ratio than the State approval process.	<i>Requires</i> that the institutions be financially capable of fulfilling the commitment made to students. Uses asset to liability ratio; requires annual filing of independent financial reports.
6. Student support services	In general, regionally accredited colleges focus on student support services such as counseling, tutoring and placement services; nationally accredited colleges generally <i>are expected to</i> maintain accurate student files and provide placement services.	Schools and colleges <i>are required to</i> maintain student records. If a school promises certain services in the information provided to the students, it must deliver those services.
7. Recruiting and admissions practices, academic calendars, catalogs, publications, grading and advertising.	Generally little specificity in recruiting and admissions practices, catalogs and advertising. Much variation among schools and colleges. College catalogs are supposed to contain clear statements of student rights and responsibilities.	Focus on importance of clear and accurate information to students about policies, procedures and curriculum, academic standards and other services. <i>Requires</i> catalog description of courses and instruction, number of credit or clock hours needed for completion, attendance, dropout and leave of absence policies, tuition schedule for completion of course of study, cancellation and refund policies.
8. Measures of program length and the objectives of the degrees or credentials offered.	Institutions are <i>expected to</i> maintain clearly specified educational objectives that are consistent with their mission and appropriate in light of the degree or certificates awarded. The institutions are <i>expected to</i> achieve their stated objectives, ensuring that degree and certificate standards conform to com-	A qualitative assessment is done of the instructional programs in degree programs; however, the licensure process conducted for non-degree programs is generally limited to a review of the institution's <i>compliance with the requirements</i> for completion and job placement rates.

	monly accepted standards.	
9. Record of student complaints received by, or available to, the agency.	The accreditation process does not address complaints in that no central entity is responsible for ensuring that student complaints are recognized and dealt with. Each institution has own process. Accrediting agencies typically do not get involved in resolving complaints, and typically forward the complaint to the affected institution.	<p>All complaints are to be investigated by the bureau, which determines the appropriate course of action. Procedures are in place for handling the complaint and based on its investigation, the bureau may commence corrective action, including action to revoke an institution's approval to operate.</p> <p>Complaints received by the bureau pertaining to institutions accredited by the Western Association of Schools and Colleges are forwarded to the accrediting agency. The Bureau takes no action on these complaints.</p>
10. Record of compliance with the institution's program responsibilities under Title IV of the Act, based on the most recent student loan default rate data provided by the Secretary, the results of financial or compliance audits, program reviews, and any other information that the Secretary may provide to the agency.		<p>All institutions must provide the bureau with copies of all accrediting agency reports and all audit reports prepared by the U.S. Department of Education and student loan guaranty agencies. In general, there is no penalty for schools or colleges that have a high default rate.</p> <p>A cohort default rate that does not exceed 15% is required for certain partially exempt nationally accredited institutions and regionally accredited institutions with the exception of WASC (which is totally exempt.)</p>

Analysis Although both processes address many of the same criteria for measuring the quality of educational institutions, accreditation and the State licensure process serve fundamentally different purposes. In the case of accreditation, the purpose is to ensure a minimum level of educational quality and is not focused on consumer issues; the purpose of the state licensing process, on the other hand, is not only to ensure quality but also to provide adequate levels of student protection.

In addition, the two processes are carried out in fundamentally different ways. The accreditation process is based on self-review. In their self-review processes, institutions demonstrate how they meet the accreditation standards within the context of their own institutional mission and goals. No assurance is given or implied that every accredited institution manifests these characteristics and meets these standards in equal proportion or in similar ways. Important differences exist between the various accrediting associations' interpretation of accrediting standards in such

areas as graduation requirements, evidence of quality in curriculum, faculty qualifications, evidence of student achievement, and governance.

The Bureau, on the other hand, conducts an external evaluation to determine an institution's compliance with minimum state requirements. If an institution fails to comply with these requirements, it is not allowed to operate in the state.

Accrediting associations have no legal control over institutions and assume that the State of California has undertaken the responsibility for licensing them. Full reliance on a group of non-governmental agencies with a wide range of requirements and various levels of reliability is not sufficient to ensure high quality postsecondary educational opportunities for California students.

Conclusions and Recommendations

Both accreditation and State licensure address the issue of quality in the educational offerings of private postsecondary institutions, but are totally independent of each other. State licensure provides a mechanism by which institutions that fail to comply with quality standards established by the state can be denied permission to operate in this state. Accreditation provides a mechanism for associations created and funded by institutions to adopt standards and practices by which the institutions essentially "police" themselves. State standards provide different protections for students and accreditation should not be viewed as an alternative or substitute for the adoption and enforcement of state standards. However, there are some areas where students and the public would be better served by streamlining state policies and coordinating the activities of the state with the activities of accreditation associations.

Recommendations:

- The state's adoption of quality standards and the review process should take into consideration the standards adopted by and the review process used by accreditation associations so as to eliminate duplication and, wherever possible, strengthen the quality of educational programs; and
- The Reform Act should be revised such that it can be implemented more efficiently and effectively to ensure that students and school owners are treated equitably. Among the major factors that should be considered in revising the Reform Act are the following:
 1. The Reform Act should be simplified so that it can be more easily understood and effectively administered;
 2. Existing exemptions to the Act should be justified and no additional exemptions should be granted without careful consid-

eration of the impact on student protections pertaining to both quality of instruction and financial issues; and

3. The student loan default rate should be a criterion in the review of all private postsecondary education institutions.
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Following is a list of accrediting agencies whose accreditation enables the institutions they accredit to establish eligibility to participate in the Federal student financial assistance programs administered by the Department of Education under Title IV of the Higher Education Act of 1965 as amended.

Regional Institutional Accrediting Agencies

- Middle States Association of Colleges and Schools, Commission on Higher Education
- New England Association of Schools and Colleges
 - Commission on Institutions of Higher Education
 - Commission on Technical and Career Institutions
- North Central Association of Colleges and Schools
 - The Higher Learning Commission
 - Executive Board of the Commission on Schools
- Northwest Association of Schools and Colleges and Universities, Commission on Colleges and Universities
- Southern Association of Colleges and Schools, Commission on Colleges
- Western Association of Schools and Colleges
 - Accrediting Commission for Community and Junior Colleges
 - Accrediting Commission for Senior Colleges and Universities
 - Accrediting Commission for Schools

National Institutional and Specialized Accrediting Bodies

- Accreditation Commission for Acupuncture and Oriental Medicine
- Accrediting Bureau of Health Education Schools
- National Association of Schools of Art and Design, Commission on Accreditation
- Accrediting Association of Bible Colleges, Commission on Accreditation
- Accrediting Council for Independent Colleges and Schools
- The Council on Chiropractic Education, Commission on Accreditation
- Transnational Association of Christian Colleges and Schools, Accreditation Commission

- Accrediting Council for Continuing Education and Training
 - National Accrediting Commission of Cosmetology Arts and Sciences
 - National Association of Schools of Dance, Commission on Accreditation
 - American Dietetic Association, Commission on Accreditation for Dietetics Education
 - American Board of Funeral Service Education, Committee on Accreditation
 - American Bar Association, Council of the Section of Legal Education and Admissions to the Bar
 - American Academy for Liberal Education
 - Commission on Massage Therapy Accreditation
 - Midwifery Education Accreditation Council
 - Montessori Accreditation Council for Teacher Education, Commission on Accreditation
 - National Association of Schools of Music, Commission on Accreditation, Commission on Non-Degree-Granting Accreditation, Commission on Community/Junior College Accreditation
 - Council on Accreditation of Nurse Anesthesia Educational Programs
 - National League for Nursing Accrediting Commission
 - Accrediting Commission of Career Schools and Colleges of Technology
 - Council on Occupational Education
 - American Osteopathic Association, Bureau of Professional Education
 - American Podiatric Medical Association, Council on Podiatric Medical Education
 - Association of Advanced Rabbinical and Talmudic Schools, Accreditation Commission
 - Joint Review Committee on Education in Radiologic Technology
 - National Association of Schools of Theatre, Commission on Accreditation
 - Association of Theological Schools in the United States and Canada, Commission on Accrediting
 - New York State Board of Regents, the Commissioner of Education
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